

# Land Use Restriction Addendum

## Property Disposition Program Officer Next Door/Teacher Next Door Sales Program

U.S. Department of Housing  
and Urban Development  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. 2502-0306  
(exp. 09/30/2008)

**Public reporting burden** for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required in order to administer the Property Disposition Sales Program (24 CFR Part 291). The collection of information is required in order to provide a binding contract between the property purchaser and

HUD. A real estate broker or one of its agents completes this form. If this information were not collected, HUD would not be able to administer the Property Disposition Sales Program properly to avoid waste, mismanagement, and abuse. While no assurances of confidentiality are pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information request. Failure to provide this information could affect your participation in HUD's Property Disposition Program.

**Warning:** Falsifying information on this or any other form of the Department is a felony. It is punishable by a fine not to exceed \$250,000 and/or a prison sentence of not more than two years.

This Addendum is incorporated by reference to the FHA Sales Contract for the property located at

Property address \_\_\_\_\_,

executed on this same day of \_\_\_\_\_, (date)(mm/dd/yyyy) between

Purchaser \_\_\_\_\_ and

Seller the Department of Housing and Urban Development.

1. Unless an exception is granted in writing by the Seller:
  - a. The Purchaser is required to assign the sales contract (with Seller's approval) before or at the time of closing or participate in a three party closing with the Law Enforcement Officer or Teacher who will own and use the property as their sole residence for at least three years. Should the contract not be assigned prior to sales closing, the Purchaser must obtain certification from the Law Enforcement Officer's or Teacher's employer that the employee meets HUD's Law Enforcement Officer or Teacher definition and is in good standing with the employer and a certification from the Law Enforcement Officer or Teacher that he/she will own and use the property as their sole residence and not own any other residential real property for at least three years. The teacher must also certify that the home he/she intends to purchase is located in a school district / jurisdiction serviced by his/her employer. It is intended that the discount received by the Purchaser be passed on to the Law Enforcement Officer or Teacher.
  - b. The Purchaser shall not resell the property for an amount in excess of 110 percent of the net development cost. Net development cost is the total cost of the project, including items such as acquisition cost, architectural fees, permits and survey expenses, insurance, rehabilitation, and taxes. It does not include a developer's fee. Total costs incurred by the Purchaser, including those for acquisition financing, management, rehabilitation, and selling expenses, are expected to be reasonable and customary for the area in which this property is located.
  - c. The developer's fee provides for Purchaser's overhead and staffing costs related to the project, and may not exceed 10 percent of the net development cost.
  - d. The property may not be occupied by or resold to any of the Purchaser's officers, directors, elected or appointed officials, business associates, or to any individual who is related by blood, marriage, or law to any of the above.
  - e. There may be no conflict of interest with individuals or firms that may provide acquisition or rehabilitation funding, management or sales services, or other services associated with the project.
  - f. A second mortgage and note apply to the resale to Law Enforcement Officers or Teachers. The second mortgage and note must be executed by the Law Enforcement Officer or Teacher. The appropriate documents have been received from HUD.
2. Purchaser must provide periodic reports, as specified by 24 CFR 291.210 and in the format and frequency specified by HUD, regarding the purchase and resale of properties subject to this Addendum.
3. This Addendum survives the expiration, if any, by operation of law or otherwise, of the FHA Sales Contract, and shall terminate five years from the date contained herein.

Purchaser's  
Signature and Date (mm/dd/yyyy) \_\_\_\_\_

Witness's  
Signature and Date (mm/dd/yyyy) \_\_\_\_\_

Seller Secretary of Housing and Urban Development

Type Name By \_\_\_\_\_

Signature and Date (mm/dd/yyyy) \_\_\_\_\_